

WASHOE COUNTY DEFERRED COMPENSATION COMMITTEE MEETING MINUTES

Wednesday, May 10, 2017

Committee Members Present

Darrell Craig, Chairman
Cathy Hill, Comptroller
Heather Potts (Judicial/Probation)
Stephanie Shuman, Vice-Chairman
Scottie Wallace, WCEA

Also Present

Ashley Farmer, Human Resources
Mike Fleiner, &Co
Bob Gleason, MassMutual
Kristie Harmon, Human Resources
Stephan Hollandsworth, Legal Counsel
Vicki Scott, Human Resources
Mia Cholico (Second Judicial Court)

1. Call to order and roll call

Meeting was called to order at 2:00 p.m. and a quorum was confirmed.

2. Public comment

None

3. Approve February 8, 2017 meeting minutes

Chairman Craig called for a motion to approve the minutes as written. Member Wallace moved, Member Hill seconded; the motion passed unanimously.

4. Treasurer's Report reviewing the Deferred Compensation Administrative Fund (Cathy Hill)

Member Hill reviewed the Treasurer's Report and reported that she is expecting to receive the next quarter's billing for the Professional Services Expense. Additionally, travel and dues were up slightly relative to last year because we had more committee members attend NAGDCA in 2016.

5. Recognition of the reappointment of Stephanie Shuman (WCDAIA), effective February 11, 2017, for a two-year term.

Chairman Craig recognized the reappointment of Stephanie Shuman (WCDAIA) for a two-year term effective February 11, 2017.

6. Recognition of the appointment of Mia Cholico (Second Judicial District Court), effective June 5, 2017 for a two-year term.

Chairman Craig recognized the appointment of Mia Cholico (Second Judicial District Court), effective June 5, 2017 for a two-year term.

7. Discussion regarding Committee members participating in the National Association of Government Defined Contribution Administrator's 2017 annual conference, held September 24-27, 2017 in Milwaukee, Wisconsin.

Chairman Craig explained that for the past several years, the Committee has approved attendance for committee members and one staff member interested in attending the annual NAGDCA conference.

Member Wallace made a motion that the Deferred Compensation Committee continues the practice of approving attendance for committee members and one administrative support staff to attend the NAGDCA conference on an annual basis. Member Hill seconded the motion; the motion passed unanimously.

Ashley Farmer asked that committee members who plan on attending notify her as soon as possible. She will submit the registration for attendees.

8. Discussion on plan administration and employee engagement to include: employee communications, employee on-site meetings and auto enrollment program administration update. (Ashley Farmer)

Ashley Farmer reported that Washoe County and MassMutual are starting a campaign titled *Resize Your Retirement*. Starting May 22 through July 11, 2017, employees have the option to schedule an appointment to meet with Tom Verducci. Twenty-two days at nine separate locations have been scheduled. The campaign and meetings are scheduled around the time employees are set receive a COLA.

Ashley Farmer provided an update on auto-enrollment program: As discussed at the last committee meeting, a second subscriber number was added for the auto-enrollment participants. As a consequence, the contribution file was triggering errors on MassMutual's side. Diane Brittell, Washoe County's MassMutual Account Manager, was manually correcting the errors. Mr. Gleason contacted us and asked if we could undertake the task of correcting the errors due to the upcoming retirement of Diane Brittell. Rather than correcting the errors through the Total Retirement Center, we manipulate Payroll's contribution file creating two separate files which are then uploaded to MassMutual. This process provides a remedy for the remainder of this calendar year. Starting in January of 2018, we will be able to have a second 457 plan within our SAP system and, at that time, two separate files would be generated and manual manipulation of the contribution file would no longer be necessary.

Chairman Craig inquired what happens in January that allows us to add a second plan in SAP. Ashley Farmer responded that adding the second plan is easier to implement at the beginning of the year. If we were to introduce a second plan at this time, we would run into issues with IRS contribution limits; creating a potential for participants to over-contribute.

9. Discussion and possible action on the revision of the 401(a) plan document to include Normal Retirement Age language for those hired during plan years beginning on or after January 1, 2017. (Ashley Farmer)

Ashley Farmer stated that we need to revise our 401(a) plan document in order to satisfy the requirement of the Internal Revenue Code. The Internal Revenue Code requires a definition of normal retirement age that more accurately reflects the age in which a population of employees customarily retires. Ashley Farmer proposed using the PERS criteria for normal age of retirement. This would only impact those individuals hired in the plan year on or after January 1, 2017.

Member Wallace moved to revise the 401(a) plan document to include normal retirement age language for those hired on or after January 1, 2017. Chairman Craig seconded; motion passed unanimously.

10. Discussion and possible action on the Retirement Plan Consulting Services Agreement between Washoe County and AndCo Consulting, LLC, including approving the Agreement's three-year term, from January 1, 2017, through December 31, 2019, for AndCo to serve as the Washoe County Deferred Compensation Program Consultant for all plans. (Ashley Farmer)

Ashley Farmer explained the original contract with Bidart and Ross was an evergreen contract and, according to Washoe County's Purchasing Department, evergreen contracts are no longer standard at Washoe County. A new contract was necessary to specify AndCo as the vendor and include a three-year term with two one-year extensions.

Member Shuman made a motion to approve the Retirement Plan Consulting Services Agreement between Washoe County and AndCo, including approving the three-year term extending to 2019. Member Wallace seconded; motion passed unanimously.

11. Quarterly review of MassMutual's account service objectives. (Bob Gleason)

Mr. Gleason provided an overview of the First Quarter 2017 Summary Sheet and the Summary Report:

Starting with the First Quarter 2017 Summary Sheet, Mr. Gleason pointed out that a new column was added at the Committee's request, to compare first quarter results of the previous year to first quarter results of the current year. Mr. Gleason reviewed the Summary Sheet highlighting group meeting results, rollover results, 401(a) and 457 loans results, hardship results and 401(a) and 457 fund and age average results.

Mr. Gleason reviewed the Summary Report for the first quarter highlighting plan and participant activity statistics.

12. Review, discussion and possible action on the proposed updated Washoe County Investment Policy. (Mike Fleiner)

Mr. Fleiner explained that the purpose of the Investment Policy is to provide guidelines on selecting, evaluating and monitoring investment options. He further stated that the Investment Policy Statement has not been updated in a while and asked that the Committee review the draft version provided.

Chairman Craig recommended the Committee review the Policy and be prepared for discussion at the next meeting. Ashley Farmer will send the Investment Policy we have on file to the Committee for comparative purposes.

13. Report and presentation regarding fund performance update for the most recent quarter, and possible recommendation, discussion, and action to change investment fund lineup. (Mike Fleiner)

Mr. Fleiner reviewed the Investment Performance Review report ending March 31, 2017 and provided market review for the first quarter.

Mr. Fleiner discussed Qualified Default Investment Alternatives and stated, currently, the default investment option for participants who fail to make an investment election for their account is the Guaranteed Interest Account. Mr. Fleiner recommended the Committee consider, at some point, replacing the Guaranteed Interest Account with an alternative qualified default. The current Guaranteed Interest rate of 3.75 % is competitive at this time; however, as the rate declines, we are not serving the participants by defaulting them into an appropriate vehicle. Mr. Fleiner noted that the Target Date Funds are the primary default investment vehicles for most corporate and governmental plans.

Mr. Fleiner referred the Committee to the Fiduciary Documentation schedule on page 38 in the report which serves as a checklist of items to review on a quarterly and annual basis. The items for review can be scheduled for future meetings.

Mr. Fleiner noted Hartford Small Company Fund is on Watch Status and has been since the first quarter of 2016. The fund's performance has struggled in the short term and the risk characteristics have degraded; specifically, risks are higher and performance is lower. Mr. Fleiner recommends replacing the Hartford Small Company fund and provided a recommended approved list of three options: Conestoga Small Cap Institutional, Vanguard Small Cap Growth and Wells Fargo Small Company Growth. Mr. Fleiner recommended Wells Fargo Small Company Growth as the replacement fund.

Member Shuman made a motion to replace Hartford Small Company with Wells Fargo Small Company Growth as recommended Mr. Fleiner. Member Potts seconded; motion passed unanimously.

14. Comments by Committee or staff members (this item is limited to announcements or topics/issues proposed for future workshops/agendas).

None.

15. Public comment. No action will be taken upon a matter raised under this portion of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. The Committee may ask that a matter be listed on a future agenda during the Public comment periods or during the following item: "Comments by the Committee or staff members." Comments shall be limited to two minutes in duration. Persons may not allocate unused time to other speakers.

None.

16. Adjournment

Meeting adjourned 3:53 p.m.